

FISCAL NOTE

Bill #: SB0368

Title: Local government impact fees

Primary Sponsor: Bohlinger, J

Status: As Introduced

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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Fiscal Summary

	<u>FY 2004 Difference</u>	<u>FY 2005 Difference</u>
Expenditures:		
General Fund	\$0	\$0
Revenue:		
General Fund	\$0	\$0
Net Impact on General Fund Balance:	\$0	0

- | | |
|---|--|
| <input checked="" type="checkbox"/> Significant Local Gov. Impact | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts |
| <input type="checkbox"/> Dedicated Revenue Form Attached | <input type="checkbox"/> Needs to be included in HB 2 |

Fiscal Analysis

ASSUMPTIONS:

1. The provisions of this bill would allow local governments to impose impact fees for system improvements.
2. The use of the term “accounts” in Section 10 implies a separate fund to isolate each type of public facility and each service area for which impact fees are collected.
3. Impact fees collected would be expended 100 percent for system improvements to applicable public facilities within the area identified.
4. This bill has no fiscal impact.

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

1. The fiscal impact on local governments, as defined in the bill, is undeterminable. The impact is contingent upon the amount and type of development taking place.
2. There would be some undeterminable audit costs assumed by affected local governments for independent auditors to test for compliance with the provisions of this legislation (i.e. Sections 10 (1) and (4) and Section 11).
3. The provisions contained in Section 10 of the bill raise some concerns about how the accounting and reporting would fit into the reporting requirements of the Governmental Accounting Standards Board (GASB) which are the standards required by Section 2-7-503 and 504. The reporting format currently

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required by the Department of Administration conforms to that required by the GASB. The requirements of Section 10 pertaining to separate accounts for each type of public facility and for each service area implies detailed accounting and reporting at a level not conducive to the standard reporting requirements.

4. The reporting requirements of Section 10 (3) would have to be accomplished using supplemental schedules to provide the information required, since the basic financial statements would not provide the detail implied in Section 10.
5. The methodology used to accomplish the accounting, reporting and interest distribution requirements of Section 10 would have to be developed and circulated to local governments.
6. Water and sewer public facilities in Montana cities are typically accounted for and reported as enterprise funds on a full accrual basis. Impact fees collected for these types of facilities would be required to be deposited in the funds (accounts) of the affected enterprise and could only be used for that type of public facility which would satisfy the provisions of Section 10 (1)(2).